

Message Text

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ACTION CU-04

INFO OCT-01 EUR-12 ISO-00 USIA-15 EB-07 COME-00 CIAE-00

INR-07 NSAE-00 /046 W

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R 060600Z MAR 76

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 5000

INFO AMEMBASSY THE HAGUE

AMEMBASSY PARIS

AMCONSUL AMSTERDAM

UNCLAS LUXEMBOURG 0236

E.O. 11652: N/A

TAGS: CASC, OEXC, LU

SUBJ: STUDENT OVERSEAS SERVICES (SOS)

REF: 1975 LUXEMBOURG 1048

1. IN RESPONSE TO RICHARDS (CU/WE) TELECON OF MARCH 3 INFORMING POST THAT DEPARTMENT CONTINUES TO RECEIVE COMPLAINTS REGARDING SOS, CONSOFF CONTACTED LUXEMBOURG POLICE TO ASK WHETHER ORGANIZATION IS STILL SOLICITING BUSINESS DESPITE WITHDRAWAL OF BUSINESS LICENSE (REPORTED IN REFTEL). POLICE REPLIED TODAY THAT INVESTIGATION SHOWED ORGANIZATION SENT OUT SOLICITATIONS FOR FUNDS AS LATE AS JANUARY 1976 AND WAS APPARENTLY SEEKING TO KEEP BUSINESS UNINTERRUPTED UNTIL OPERATIONS COULD BE TRANSFERRED TO ANOTHER EUROPEAN COUNTRY.

2. POLICE ADVISED THAT CONTINUED USE OF LUXEMBOURG POST OFFICE BOX TO SOLICIT FUNDS IS ILLEGAL, BUT CONCEDED THAT SINCE ONLY AMERICANS AND NO LUXEMBOURG CITIZENS HAVE COMPLAINED OF FRAUD, ENFORCEMENT OF BAN ON SOS ACTIVITIES HAS NOT BEEN PARTICULARLY VIGOROUS. ON BASIS OF COMPLAINTS RECEIVED DIRECTLY BY LUXEMBOURG AUTHORITIES AND THOSE FORWARDED BY EMBASSY, HOWEVER, POLICE HAVE DECIDED TO SEEK COURT ORDER CLOSING POST

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OFFICE BOX.

3. ICELANDIC AIRLINES INFORMS US THEY CONTINUE TO RECEIVE FUNDS FROM SOS TO PAY PASSAGE OF AMERICAN STUDENT CLIENTS. ICELANDIC HAS HAD A GREAT DEAL OF TROUBLE IN RECENT WEEKS AT ITS NEW YORK (JFK) OFFICE BECAUSE STUDENTS SHOWED UP FOR "CONFIRMED" FLIGHTS PREPAID BY SOS WHICH WERE IN FACT UNPAID OR UNDERPAID, AND THE STUDENTS HAD TO BE REFUSED PASSAGE. AIRLINES' CONTROLLER SAYS SUSPENSION OF SOS LUXEMBOURG BUSINESS LICENSE DOES NOT PREVENT ITS AGENTS FROM PURCHASING TICKETS ON INDIVIDUAL BASIS IN NAMES OF AMCIT STUDENTS; HOWEVER, IN VIEW OF DIFFICULTIES, HE HAS SUSPENDED DEALINGS WITH SOS HOPING COMPANY WILL MOVE, IMPROVE, OR CEASE OPERATIONS AND PROBLEM WILL GO AWAY.

4. OF THESE THREE ALTERNATIVES, MOST LIKELY MAY BE A MOVE OF COMPANY'S OPERATIONS, POSSIBLY TO HOLLAND. THE LUXEMBOURG SECRETARY WHO ANSWERS MAIL AND OPENS CHECKS FOR COMPANY (TELEPHONES HAVE BEEN CUT OFF) TOLD CONOFF SHE HAD BEEN INSTRUCTED TO PREPARE FILES AND RECORDS FOR POSSIBLE TRANSFER TO AMSTERDAM.

5. GOL RECONFIRMS THAT REVOCATION OF LICENSE WAS UNAMBIGUOUS AND FINAL.

6. POST CONTINUES TO RECOMMEND TO ALL STUDENTS WHO INQUIRE THAT IN VIEW OF REVOCATION OF BUSINESS LICENSE NO MONEY BE SENT TO COMPANY'S LUXEMBOURG POST OFFICE BOX. WE WILL KEEP DEPARTMENT INFORMED OF DEVELOPMENTS AND WILL ADVISE EMBASSY THE HAGUE OF ANY FURTHER INDICATIONS COMPANY MAY ATTEMPT ESTABLISH OPERATIONS IN HOLLAND. FARKAS

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